

# ***Oregon Small Business Forum Minutes***

**January 22, 2009**

**Portland, Oregon**

Time: 8:00 a.m. to 12:00 Noon

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## **Attendees: Name, Title & Organization**

- Kristen Hoiby, Stakeholder Liaison Area Manager, IRS
- KayDel Marshall, Senior Stakeholder Liaison, IRS
- Carlos Calderon, Hispanic Chamber of Commerce
- Jonath Colon, Hispanic Chamber of Commerce
- Robert Joy, Various Works Small Business
- Michael Moiso, Women's Business Center, Micro Enterprise Inventor's Program
- Lourdes Bello, Metropolitan Contractor Improvement Partnership
- Shelley Barshaw, Albina Community Bank
- Teri Karren-Keith, Albina Community Bank
- Jerry Hoffman, Emerging Small Business Mgr. ODOT
- Linda Repp, Oregon Dept. Consumer Bus. Affairs, Workers Comp
- Danny Yan, Golden Dragon International Trade
- David Waki, Small Business Ombudsman, OR Dept Cons & Bus Affairs
- Gilbert Carreon, Liberty Steel
- Russ Hooker, Small Business Administration
- Barbara Allen, Small Business Administration
- David Vawser, Taxpayer Advocate Service
- Leslie Croghan, Portland State University Business Outreach Program
- Jonathan Brinckman, Small Business Staff Writer, Oregonian Newspaper
- Julie Craddock, Craddock Consulting
- Pete Lennon, Lennon & Associates
- Jim Kaitschuck, Cascades West Financial Services
- Bridget Bryer, Small Business Development Center Advisor
- Jorge Guerra, Oregon Association for Minority Entrepreneurs
- Carol Williams, Oregon Department of Revenue
- Cathy Tavares, Oregon Department of Revenue
- Tom Sanderson, Oregon Department of Revenue
- Maggie Finnerty, Small Business Law Center
- Robert Ochoa, Oregon Department of Revenue
- Alan Edwards, Social Security Administration
- William Dunn, Mining Oregon
- Penny Painter, Workforce Development Specialist
- Sam Sproson, Chamber for Persons With Disabilities
- Jan Sauer, Finance Liaison Group Senior Consultant
- Greg Wolley, Marketing & Outreach, City of Portland
- Jim Steiner, Small Business Administration
- Jose Pinomesa, President, Oregon Independent Auto Dealers Association
- Sue Malone, Strategies for Small Business, Solutions for Success (Member, President's Small Business Transition Team)
- Bret Bernhoft, Generation Y Consultant
- Charles White, Corporate Credit Builders

- Gabe Silva, Small Business Services Officer
- John Knoernschild, Admirable Landscapes, LLC
- Bob Erickson, Governmental Liaison, IRS
- Stephen Green, Portland Development Commission
- Sarah Castagnola, Mercy Corps Northwest Asset Development Services
- Dina Lukyanova, Mercy Corps Northwest Asset Development Services
- Jay Rose, President Jay Eng Co
- Mayra Arreola, Oregon Association of Minority Entrepreneurs
- Samantha Eproson, DBA Chamber for Persons with Disabilities

**Note:** Forum participants selected the focus area topic for this meeting to be, “Finding Capital During Tough Economic Times.” This necessitated having more than one focus area speaker in order to cover the diversity of funding available for small business. The minutes reflect this so you can share the information with your members or clients.

**See the Roundtable Section of these minutes for seminars, workshops and business fairs held in Oregon.**

### **Meeting Summary:**

**Guest Speaker 1 – Russ Hooker** of the Small Business Administration noted that the SBA was founded in part during the Eisenhower Administration drought period to make disaster loans to main street businesses located primarily in agricultural communities. SBA is doing Disaster Lending to relieve the results of “Acts of God.” Whether the new administration will be able to apply this form of assistance to the current economic plight or not is now being debated, but is not currently available under the law.

Lots of normally sustainable businesses are having trouble. It is an opportunity for business to make their services leaner and meaner without taking on an overwhelming debt burden. Lenders don’t want to liquidate business collateral because everyone loses. Lenders want to know what steps you are taking to stay in the game to see that you can navigate thru this period successfully. Work with a SCORE/SBDC Counselor to reinvent the business and take a look at excess inventory, employees, etc. and do what you need to help the business survive. Have a business plan, show you will be around. Maintain an open relationship with your lender. SBA guaranteed loan programs thru banks may be able to work with you to defer, stretch out or delay payments so you don’t become delinquent.

Express loans are not as plentiful now. You need to substantiate a good purpose. 75% is guaranteed by SBA for loans \$150,000 or above, and 85% is guaranteed on smaller loans. 30% of loans are traditionally to new business or to buy an existing business. The rest (70%) is to existing business for working capital or expansion. The 504 program helps a business acquire a building. Disaster loans are up to 1.5 million, also the maximum guarantee on a 7a loan. Lines of credit are up to \$200,000. There are Patriot Express loans under the 7a program and loans for veterans and active duty military or a spouse with a \$500,000 cap with 15 approved lenders, although these are not as plentiful.

**Guest Speaker 2 – Stephen Green** of the Portland Development Commission said business licenses are up due to job losses. Loan volume is down 30%. He said that access to capital or inexperience is the main reasons business fails. PDC is a gap financier. The business owner works with the bank, but if there is a 15-20% gap, PDC can step in and help. Many

programs are sticks and bricks, i.e. for permanent improvements, seismic upgrades, etc. PDC geographic area covered is central to the river in NE, SE, Central Eastside, down town and urban renewal areas. NE Portland is the most diverse with 1/5 capital minimum made available among minorities.

**Guest Speaker 3 - Samantha Eproson** said that DBA Chamber for Persons with Disabilities was a 401(c)(3), and they did business development plans, training, and helped Veterans. The 10A Individual Development Accounts provide a matching \$3 for every \$1. They provide a financial curriculum, net profit information, business development and business plan curriculums. Last year, they had a waiting list.

**Guest Speaker 4 - Michael Moiso** talked about the Micro Enterprise Inventors Program. He said they are really seeing growth in innovation. They have experts in consulting, patents, licensing, prototype design, funding sources and business plans. They do grant searches for the Small Business Innovation Research Program. A lot of investors are looking for new business and are more open to new ideas than ever and they get more scrutiny. Technology is #1, and Social Conscience or Green Ideas are #2. MIPO is the only program in Oregon serving independent inventors.

**Guest Speaker 5 - Sarah Castagnola and Dina Lukyanova** were representing Mercy Corps Northwest. They make small loans from \$500 to \$50,000 at 12% for hard assets only, i.e. equipment for such things as child care, cleaners, graphic design, food carts, etc. Their Asset Building Individual Development Accounts funded by the State of Oregon for businesses under \$20,000 in net worth helps entrepreneurs by matching every dollar a client saves with three dollars. MCNW is the largest provider of IDA accounts in Oregon. They provide mentoring for all qualifying low income populations. They also have a 6-week Business Planning Course.

**Guest Speaker 6 - Jorge Guerra** of the Oregon Association for Minority Entrepreneurs said OAME Cascade Plaza is a modern community Business Incubator Facility. It provides a successful business environment with related professional services such as typing, desktop publishing, fax, graphics, copying, mailing, computer services, data lines for internet access. They also have board room as well as small and large conference room facilities that can accommodate from 12 to 270 people. They have 32 businesses in the complex. They provide technical assistance, marketing and networking. OAME has a Contractors meeting the second Friday of every month, and Coffee & Issues the last Friday of every month. OAME Loan programs are thru SBA up to \$35,000 maximum in specific geographic areas and require a business plan and collateral. OAMCC Credit Corporation also does loans with similar requirements up to \$15,000 and they need to be an OAME member. Seed money is up to \$5,000, but, they have to be enrolled in the Seed Program, and they must be located in the city with a median income below 50%. Both programs can do accounts receivable loans as collateral.

**OAME's 21<sup>st</sup> Anniversary Trade Show is scheduled for May 7, 2009** at the Oregon Convention Center. Call 503-249-7744 for info or register online at [www.oame.org](http://www.oame.org).

**Guest Speaker 7 - Sue Malone**, Strategies for Small Business, Solutions for Success (Member, President's Small Business Transition Team) said she is an SBA Licensed lender and has made 23,000 loans to small business and is the 3<sup>rd</sup> largest SBA lender. She also makes Patriot loans. Her contact information is [smalone165@aol.com](mailto:smalone165@aol.com) or 925-899-8449 or 925-381-

8409. She said she is still making loans to small business, has access to capital, and small businesses with 10 or fewer employees is her “niche.”

**Guest Speaker 8 - Gabe Silva** noted that Oregon Economic and Community Development provides grant funding to 11 service providers. OECD does not provide grants directly, but, is dedicated to helping Oregon Business gain access to capital. OECD can offer lending solutions from a list of programs or direct business to other funding sources or programs that suit their situation. OECD partners with Oregon Banks to provide guaranteed or gap funding, as well as with SBA, US Dept. of Agriculture and local funding entities throughout the state. Target markets are manufacturing and distribution, small and new businesses including those in distressed areas. The regular Business Development Fund offers 40% of the loan up to \$700,000 for up to a 20 year term or to targeted business with the same amount but with a 5 year term and co-equal first lien position with a bank loan. The CAP fund contributes to a loan loss reserve account. The Credit Enhancement Fund is a loan guarantee tool for lenders, term loans (up to \$700,000) or lines of credit (up to \$500,000) and a guaranty of up to 90% of the loan amount. The Entrepreneurial Development Loan Fund requires the business to go to the SBDC to see a Certified Small Business Counselor to review the business plan and provide counseling. These provide up to \$25,000 initially with follow on loans available for a 5 year maximum and needs equity of 20% of the loan amount. They are looking at businesses that conserve capital such as Shoe Repair and Tech businesses and “green” businesses.

**Guest Speaker 9 - Teri Karren-Keith and Shelley Barshaw** were representing Albina Community Bank. They have offices in the Pearl District and MLK and serve those areas as well as St. Johns/Beaumont/Rose City. They are a Community Development Financial Institution and their special charter requires them to lend 60% back into the neighborhood. Loans are still being made on Character, Cash Flow (Capacity), Capital, Conditions (Market & Business), and Collateral (what assets are securing the loan). They were just awarded State Funding for the Micro Enterprise Loan Fund which is \$5,000 to \$50,000 for term loans or lines of credit. They are also one of the banks for the \$3 to \$1 Matching funds deposits. Albina Opportunities Corps is a non profit offering loans and a mentoring program, not necessarily for startups.

**Guest Speaker 10 - Jim Kaitschuck** of Cascades West Financial Services said the majority of loans are startups and about 6.7% are for Real Estate purchases up to 40%. They do equipment loans and 504 Enterprise Development Micro Loans in Benton, Lane and Linn County as well as the Portland metro area. They take a closer look at those “C’s” that Albina was talking about. They require a 20% contribution from the business for loans over \$5,000 at 10% for 3 years. They must have a regular business plan and know how much the business is worth in order to get a loan to buy a business. Loan volume is down 40% to 50%.

**Guest Speaker 11 - Charles White** of Corporate Credit Builders assists startup companies as well and small and medium size business in the process of understanding business credit. CCB helps business obtain loans, financing and lines of credit from banks and other financial institutions. They work with those with good and bad credit. They are able to help get quick cash for those with better credit, usually between \$5,000 to \$50,000 within 7 to 10 days.

### **Issues & Status:**

**Issue:** Although IMRS was mentioned during the roundtable, no significant issues were presented during the forum.

## **Issue Status Report – Not Applicable**

### **Roundtable & Comments:**

**Alan Edwards of the Social Security Administration** explained Employer Services Online to prepare or upload W-2 forms or check SSA numbers before issuing W-2 forms. Alan explained the quarterly IRS/SSA Reporter, a free subscription service with the latest updates.

Alan updated us with the latest information on E-Verify and the Employer requirement to use the system to verify if a person was legally allowed to work in this country. In 2007, Dept. of Homeland Security and Immigration and Customs Enforcement wanted to send out a letter with the No-Match Letters that Social Security usually sends out each year to employers and employees regarding the fact that their name and number do not match. SSA has no enforcement authority, but, the ICE letter suggested the use of E-Verify was a safe haven to avoid fines and penalties for employing illegal aliens in the event of a raid. The US Chamber of Commerce filed suit to stop the letters from going out, and it has been in the courts ever since. There was also a regulation signed by former President Bush which current President Obama has frozen until May 2009 that would have required Federal Contractors to use E-Verify beginning in January, which got delayed until February, and now is frozen until May.

**SL Kay Del Marshall** covered the SBSE Annual Telephone Survey, the new Interactive Pub 17 on line, Tax Talk Today, the Brokers Extension to File, Webinars, the Rev Proc for Form 944, the RMD rules in last year's law, E-File as a way to get money fast and the new fillable forms that could be e-filed for free. SL's Outreach to Employers to encourage their employees to claim EITC, the Farm Bill, Tax Law Extenders, First Time Schedule C Filers online Podcasts and other video and audio presentations for small business online, tax law updates including the first time homebuyer credit, additional standard deduction for non itemizers, the new 94X forms to amend employment tax returns, the shortened extension of time on partnerships and fiduciaries, business provisions of the Economic Stimulus Act, Tax Education Product update, Cancellation of Debt Information on IRS.gov and Form 982.

**SL Northwest Area Manager Kristen Hoiby** said we are currently in the process of updating the Tax Center links to make sure they are valid for those who have Tax Centers on their web site. And, for those who did not yet have tax centers, she invited them to contact us about setting one up.

**Governmental Liaison Bob Erickson** said IRS Commissioner Schulman stated IRS "...needs to ensure that we balance our responsibility to enforce the law with the economic realities facing many American citizens today. We want to go the extra mile to help taxpayers, especially those who've done the right thing in the past and are facing unusual hardships." On a wide range of situations, IRS employees have flexibility to work with struggling taxpayers to assist them with their situation. Depending on the circumstances, taxpayers in hardship situations may be able to adjust payments for back taxes, avoid defaulting on payment agreements or possibly defer collection action. Among the areas where the IRS can provide assistance:

- **Postponement of Collection Actions:** IRS employees will have greater authority to suspend collection actions in certain hardship cases where taxpayers are unable to pay. This includes instances when the taxpayer has recently lost a job, is relying solely on social Security or welfare income or is facing devastating illness or significant medical bills.

- **Added Flexibility for Missed Payments:** The IRS is allowing more flexibility for previously compliant individuals in existing installment Agreements who have difficulty making payments because of a job loss or other financial hardship.
- **Additional Review for Offers in Compromise (OIC) on Home Values:** With the uncertainty in the housing market, the IRS recognizes that the real-estate valuations used to assess ability to pay may not be accurate. So in instances where the accuracy of local real-estate valuations is in question or other unusual hardships exist, the IRS is creating a new second review.
- **Prevention of Offer in Compromise Defaults:** Taxpayers who are unable to meet the periodic payment terms of an accepted OIC will be able to contact the IRS office handling the offer for available options to help them avoid default.
- **Expedited Levy Releases:** The IRS will speed the delivery of levy releases by easing requirements on taxpayers who request expedited levy releases due for hardship reasons.

**Taxpayer Advocate David Vawser** explained that Small Businesses with NOLs could get expedited refunds due to hardship. He also explained how the Taxpayer Advocate Service could help folks with IRS problems when the normal channels to get help had failed and they were experiencing a hardship.

**Tom Sanderson, Carol Williams, Cathy Tavares and Robert Ochoa** represented the Oregon Department of Revenue. ODR Payroll Programs were explained along with withholding tax, worker classification, corporate officer compensation (including S-Corps), and their web site located at <http://www.oregon.gov/DOR/BUS/> which has access to all of the above. They also do Outreach to small business groups around the State.

**Maggie Finnerty** of the Small Business Legal Clinic said they are a non profit offshoot of Lewis & Clark Law School providing legal advice on basic contracts, leases, supply agreements, trademarks, copyrights (not patents), employment law, and construction law. They do sliding scale, but, very low cost counseling and community outreach. They have an Intern Program and a Pro-Bono Project that has volunteers from the community.

Maggie said they are currently seeking a venue to do **a series on Navigating Employment Tax Law** in partnership with IRS, SSA, ODR, and the Oregon Dept. of Consumer and Business Affairs Workers Compensation Division. The series of 3-hour workshops would start with **“Business Entities” on May 7, followed by “Worker Classification” on May 21. June 4 would be a workshop on “SSA/IRS Wage Reporting,” and the final session on June 18 would be on the “Combined State and Local Employment Tax Reporting.”**

**Greg Wolley** does Marketing & Outreach for the City of Portland. They do some consulting, and **twice each year they have a conference on “How to do business with local public entities.”** The first Friday of each month, they have a **networking for professionals.**

**Lourdes Bello** talked about the Metropolitan Contractor Improvement Partnership provides **business support and training** for historically underutilized viable construction businesses which targets minority firms. They assist these firms to improve and implement business management systems to increase their profitability and net worth. Check out <http://www.mcip-pdx.org> for information.

**Jonath Colon and Carlos Calderon** of the Hispanic Metropolitan Chamber of Commerce provides small business counseling and assistance as well as **workshops for small business twice each month.**

**Linda Repp** works for the Oregon Dept. of Consumer & Business Services Workers Compensation Division. **David Waki** is their Small Business Ombudsman to help small business with workers compensation issues. Linda and David also serve on the Oregon Small Business Fair Committee and said the 16<sup>th</sup> Year of the **Oregon Small Business Fair is Saturday, September 19<sup>th</sup>, at the Oregon Convention Center.** In addition to the fair in Portland, there is a **Southern Oregon Small Business Resource Fair in Medford on Saturday, October 3, 2009** and there is the **South Coast Business Resource Fair in North Bend on Saturday, May 16, 2009**, which is coming up soon. To be an exhibitor or to post information on your web site about the fairs, contact [Linda.E.Repp@state.or.us](mailto:Linda.E.Repp@state.or.us) for the fair in Portland, contact [Ainoura.Oussenbec@state.or.us](mailto:Ainoura.Oussenbec@state.or.us) about the fair in Medford, and call Becky Lunetta about the South Coast Business Resource Fair in North Bend at 541-756-8459 X517.

**Next Scheduled Meeting** – The next scheduled Oregon Small Business Forum will be hosted by the Oregon Association of Minority Entrepreneurs at 4134 N. Vancouver, Portland, Oregon on Tuesday, **August 25, 2009** from 8:00 a.m. to Noon. The Focus Area Topic chosen by participants for this date is, **“The Greening of Business for Economy and Ecology.”**

**Note:** If you know of speakers on the focus area topic who could make a significant contribution to our knowledge base to help business save money and enhance the image of business as being socially responsible in adopting “green” methods, please contact me at [KayDel.Marshall@irs.gov](mailto:KayDel.Marshall@irs.gov).